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## **SEGA II Fiscal Year End Report**

August 27, 2004 – September 30, 2005

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# Supporting economic Growth and analysis II

Fiscal Year End Report

## DISCLAIMER

The author's views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

## ACRONYMS

AIDS	Acquired Immune Deficiency Syndrome
CCMA	Commission for Conciliation and Mediation Authority
CEE	Center for Economic Excellence
CGE	Computable General Equilibrium
CLRA	Communal Land Rights Act
COSATU	Confederation of South African Trade Unions
DFID	Department for International Development
DLA	Department of Land Affairs
DPRU	Development Policy Research Unit
DTI	Department of Trade and Industry
EPAS	Electronic Patent Assignment System
FADTRU	Finance, Development Training Research Unit
FEDUSA	Federation Unions of South Africa
HCBC	Home Community Based Care
HIV	Human Immuno-deficiency Virus
HSRC	Human Science Research Council
JEAPP	Joint Economic Aids and Poverty Program
MESP	Mandela Economic Scholar Program
MFRC	Micro-Finance Regulatory Council
MIDP	Motor Industry Development Program
NACTU	National Council Of Trade Unions
NEDLAC	National Economic Development and Labor Sector
NGO	Non Governmental Organization
NT	National Treasury
PLAAS	Program for Land and Agrarian Studies
RCSA	Regional Center for Southern Africa
SA	South Africa
SACU	South Africa Customs Union
SAIIA	South Africa Institute for International Affairs
SALDRU	Southern African Labor and Development Research Unit
SAM	Sequence Alignment and Modeling
SEGA	Support for Economic Growth and Analysis
SIPP	Strengthening the Impact of Pro-poor Program
TA	Technical Area
USAID	United States Agency for International Development
UWC	University of the Western Cape

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## INTRODUCTION

The Support for Economic Growth and Analysis and Mandela Economics Scholars Program II (SEGA II) began on August 27, 2004 and continues through August 26, 2007. SEGA II has been designed to support the Economics Capacity Strategic Objective of the USAID South Africa results framework. This fiscal year end report of SEGA II documents progress made towards achieving USAID's objectives for this program as reflected in the Statement of Work:

- Working with public sector agencies and civil society organizations, perform policy reform analyses that will improve the policy and regulatory environment that reduces poverty and unemployment within a supportive macro-economic environment (emphasizing small business development, trade, investment and intellectual property rights, agriculture and land reform and socio-economic impacts of HIV/AIDS in South Africa).
- Working with these same institutions, and employing both formal and informal training mechanisms, builds South African capacity for policy reform concerning selected priority issues relevant to improving the economic environment in South Africa.
- Collaborate with other donors, in particular the UK's Department for International Development (DFID), in achieving these results.

## ACHIEVEMENTS AND CONSTRAINTS

SEGA II has succeeded in achieving results across all active technical areas specified in the scope of work. In numerical terms, 20 projects have been implemented (of which seven have been completed) and 77 consultants have been engaged. It is worth noting that the overwhelming majority of these consultants are South African and that SEGA II plays a valuable role in developing and supporting domestic research capacity. A more detailed breakdown of activities and consultants is provided in Annex C at the end of this report. By end-September 2005, all obligated funding was fully committed and the project was functioning well and on-budget.

It is difficult to measure the impact of the SEGA II project on policy-making and policy decisions, but it is possible to highlight a number of areas in which SEGA II is undoubtedly making a significant contribution. Highlights from this first year of the project include:

- ***Involved in the evaluation of most major social welfare programmes.*** SEGA II has developed an extensive work program with the National Treasury (NT) with a strong focus on poverty alleviation and economic growth. Through this program, SEGA II has helped the Treasury to evaluate the reach and impact of various grant programs and to initiate a baseline

study of the primary school feeding scheme. SEGA II also provides extensive research support to the Department of Social Development in costing different models of home and community based care initiatives.

- ***Contributing new knowledge on rural vulnerability and evictions.*** SEGA II is co-funding the most extensive study of land evictions undertaken in South Africa; and is also involved in a large and qualitative analysis of the extent of poverty and vulnerability amongst the rural poor. Both of these studies will contribute significantly to our understanding of rural poverty in South Africa.
- ***Facilitating significant change to policies and systems for credit regulation.*** SEGA has a long-standing relationship with the Micro-finance Regulatory Council (MFRC) in South Africa. The regulatory environment and institutions for micro-finance are currently being overhauled and SEGA II has provided extensive technical expertise to the MFRC to assist in this process.
- ***Designed and managed the first substantive study of trade and poverty in South Africa.*** SEGA II has assisted COSATU (the country's largest trade union federation) and the Department of Trade and Industry to design and implement a range of studies on the linkages between trade and poverty in South Africa. This project has attracted interest from a wide range of donors and policy makers and involves 16 different studies and 20 researchers.
- ***Advising National Treasury (NT) on existing and new industrial policy initiatives.*** SEGA II is working closely with the USAID/RCSA Mission to provide technical support to the National Treasury of South Africa on a range of trade and industrial policy issues (that are large enough to have regional implications). This has included work on SACU revenue-sharing and institutions, the Motor Industry Development Program (MIDP) and the domestic pricing of basic industrial raw materials.

As would be expected of a new and diverse program like SEGA II, the project team has encountered and dealt with a number of challenges in this first year. It took some time to absorb activities initiated but not completed by Nathans (SEGA I). This included activities such as the parliamentary training and the Mandela Economics Scholarship Programs (MESP); the farm evictions study; a study of health care workers in 2 state hospitals; work by the South African Institute of International Affairs on trade and development issues; and a series of trade workshops for the Congress of South African Trade Unions.

The formal economics training for parliamentarians and previously disadvantaged students were particularly difficult to transfer. These programs involve numerous institutions, a large number of learners and have been managed by Nathans since 1998. A number of students have taken longer than expected to complete their degrees, and Parliament has been reluctant to take-over the future cost and administration of the parliamentary training program. All of these issues have now been resolved and these programs will conclude by mid-2006.

Another and unanticipated challenge arose from the high number of South African consultants working on this project. The initial proposal and budget allowed for a higher number of expatriate consultants, and insufficient domestic level of effort (LOE). Many SEGA II projects involve substantial primary research by large numbers of South African fieldworkers. By mid-2005, the total amount of domestic LOE had been expended and a contract modification was required. This led to a significant delay in the implementation of some activities. The modified contract is a better reflection of the nature of this project and the agreed LOE should suffice for the remaining 2 years.

A final risk to the implementation and reputation of the project is the delays experienced in the official approval of proposed consultants. This makes it difficult to plan and contract new activities and hampers the ability of SEGA II to respond to the needs of its clients.

## TECHNICAL AREAS

While the SEGA II statement of work is diverse, it is clearly unified by its focus on capacity development and a strong orientation towards poverty and unemployment. It identifies 10 technical areas (of which seven are now active) covering a wide range of issues and clients. In each area, activities have been designed to enhance the capacity of government, its regulators, NGO's and universities to design and implement economic policy in South Africa. This is achieved through policy research, technical advice and a variety of short and longer term training modules. The main activities implemented in each technical area are described below and summarized in Annex A.

### TA 1: STRENGTHENING THE IMPACT OF PRO-POOR PROGRAMS (SIPP)

SIPP is co-funded by DFID and was established to assist the National Treasury (NT) to incorporate pro-poor concerns into its tax and spending programs. In late 2004, NT conducted its own internal call for proposals, from which 14 research projects were short-listed. This shortlist was then submitted to NT's research committee (a panel of four Deputy Director Generals) for approval. Five projects were approved for priority implementations of which three have now been implemented:

- an extensive and qualitative analysis of the patterns and determinants of poverty and vulnerability in rural South Africa;
- a desktop analysis of the importance of the child support grant within different households and for household members and its possible impact on poverty alleviation; and
- the development of a demographic model to assist the National Treasury in projecting the long-term size of and distribution of the government's major social grants

Another two SIPP projects were expected to commence this year. A baseline study of the primary school nutrition program has been delayed to allow the preferred contractor time to finalize the scope of this project with the Department of Education. This study is expected to



commence early in Year 2. A proposed inter-governmental workshop on the policy implications of recent poverty analysis was postponed indefinitely by the National Treasury.

The Treasury conducted a second call for SIPP proposals in Quarter 3, from which two additional projects were selected for implementation under SEGA II. The first, a study of the economic impact of South Africa's various land and agricultural policy initiatives in four pilot sites, will be jointly undertaken by HSRC and PLAAS. Contracts have been finalized and research is likely to begin early in year 2. The second proposal, to evaluate the long-term trajectory of South Africa's expenditure on higher education, is likely to be submitted for open tender.

## **TA 2: PARLIAMENTARY TRAINING**

SEGA/MESP (implemented by Nathan Associates) provided extensive formal economic training to South African parliamentarians over the last 6 years. USAID funding for this training is to conclude this calendar year and it is envisaged that this program will be transferred to Parliament. In July 2005 fifteen members of parliament registered for Advanced Diploma in Economic Policy and thirty one registered for Honor Degree in Economics. It is anticipated that support to this program will end in December 2005.

## **TA 3: MICROFINANCE POLICY REFORM**

SEGA II has worked closely with the MFRC in building analytical and policy formulation capacity, and to help Government in the implementation of the new Consumer Credit Bill. Three international experts have been contracted to assist in the development and evaluation of a methodology for determining interest and fee limitations, as envisaged in the Consumer Credit Bill. SEGA II has also provided funding for one long-term advisor to support the MFRC in the establishment of a National Credit Regulator and Credit Bureaux. The advisor has made progress towards the design for implementation of the Credit Bureau Regulations, and provided valuable input for the National Loan Register. Being an expert on credit bureaus, she led a interactive workshop at the recent MFRC Conference in Capetown. A number of additional studies are in an early planning stage and are likely to begin in late 2005.

## **TA 4: AGRICULTURE AND LAND REFORM**

SEGA II is funding follow-up work on the Evictions Pilot Study recently completed under SEGA / MESP. An advanced statistical tool has been developed and tested and the research team is now undertaking a national survey to measure the extent and impact of farm evictions in South Africa. The study is due to be completed in mid 2006. The results from this research will contribute to the Department of Land Affairs policy on land evictions and help Government to identify and assist the most vulnerable communities. SEGA II is also exploring ways to assist The Department of Land Affairs (DLA) in the implementation of legislation to transfer public land to the communities that live on this land (Community Land Rights Act, CLRA).



## **TA 5: HIV/AIDS**

SEGA II has supports two broad areas of work on the economics of HIV/AIDS. First, the program aims to assist government in costing and monitoring the impact of HIV/AIDS on health care workers and the delivery of basic care and treatment to HIV/AIDS patients. Secondly, SEGA II supports analysis of the impact of HIV/AIDS on the macro-economy and different industry sectors. Two large studies were implemented in Year 1:

- An assessment of the cost and efficiency of different home- and community-based care (HCBC) models; and
- An analysis of the prevalence of HIV/AIDS amongst professional nurses.

Two additional studies are expected to begin early in Year 2. The first is an evaluation of stress and burnout levels amongst healthcare workers involved in the roll-out of ARV treatment at specific pilot sites in the Free State Province; and the second is a macroeconomic study of the impact of HIV/AIDS on different sectors of the South African economy.

## **TA 5: REGULATORY REFORM**

There is unlikely to be any work in this TA in the first year of the project. SEGA II will continue to monitor developments in this area and will inform USAID if any prospective activities arise for future consideration.

## **TA 7: ENVIRONMENTAL ECONOMICS POLICY**

There is unlikely to be any work in this TA in the first year of the project. SEGA II will continue to monitor developments in this area and will inform USAID if any prospective activities arise for future consideration.

## **TA 8: INTELLECTUAL PROPERTY RIGHTS**

There is unlikely to be any work in this TA in the first year of the project. SEGA II will continue to monitor developments in this area and will inform USAID if any prospective activities arise for future consideration.

## **TA 9: SUPPORT FOR HIGHER EDUCATION**

SEGA/MESP has provided foreign (MESP I) and local (MESP II) bursaries to a large number of South African economics students over the last 8 years. SEGA II has taken over the management and payment for the final year of the 23 MESP II students, located in the Universities of Stellenbosch, Cape Town and Kwa-Zulu Natal; and is supporting the remaining MESP I students at different Universities in the United States. Two of the MESP I students are

expected to complete their PhD studies at the end of 2005 and the remaining two by mid-2006. A more detailed report of the MESP I and MESP II programs is provided in Annex B.

SEGA/MESP also provided support to the University of the Western Cape to help establish a 'Center of Economic Excellence (CEE)' within the Economics Department. This funding will come to an end in March 2006 and SEGA II will see this activity through to completion.

## **TA 10: COMPLEMENTARY ACTIVITIES**

The above technical areas cover most of the key aspects of poverty and unemployment in South Africa, but not all. Notable exceptions include labor market issues and the impact of trade and investment on employment and the poor.

SEGA II has worked with South Africa's largest trade union federation (COSATU) to assist them in developing a research proposal to understand the impact of trade reform on the poor. DFID and the DTI have agreed to contribute significant funding to this project, which now includes 16 sub-components and about 20 different researchers. Research work has now begun and SEGA II will continue to provide technical and administrative support to this project. SEGA II has also funded a trade workshop series to develop capacity amongst the leadership of the country's three labor federations (COSATU, FEDUSA, NACTU). Some funding was also provided to the South African Institute for International Affairs (SAIIA) to publish a study of the determinants and implications of South Africa's regional trade policy.

To assist private sector development, SEGA II is providing ongoing advice to the National Treasury on the costs and benefits of different kinds of industrial policy instruments. This work has included a review of different kinds of sector specific interventions, such as the motor industry development program and investment incentives, as well as a number of cross-cutting issues such import parity pricing. The Treasury also requested assistance from SEGA II to deal with a particular problem that has emerged in the implementation of the new SACU revenue sharing formula. All of the above work with the National Treasury was co-sponsored by the USAID RCSA Project in Botswana. SEGA II has also provided assistance to the USAID Mission in Mozambique, participating in a trade policy training program for the Minister of Trade and senior government officials.

Finally, SEGA II has continued to enhance economic capacity within and beyond Government through focused short-term assistance and training. During the course of the year SEGA II provided support to:

- A workshop of senior CCMA commissioners and US mediation and arbitration experts;
- A number of functions organized by the Southern African Tax Institute;
- A series of technical workshops on Computable General Equilibrium (CGE) models; and
- Two National Treasury officials to attend short-term training / conferences in the USA.

## BENCHMARKS

The following table provides a summary of the key objectives and results for SEGA II, as established by USAID and included in the Task Order. Indicative targets, taken from the Performance Monitoring Plan for USAID/South Africa's Economics Capacity Building Strategic Objective, have been added to show some of the possible contributions of SEGA II and to facilitate USAID monitoring of the progress of the project. Many of these targets are no longer applicable to SEGA and more appropriate target indicators and levels need to be agreed with USAID.

	<i>Objectives</i>	<b>2005 (Aug-27-2004 to Aug-26-2005)</b>			
		<i>Anticipated results</i>	<i>Targets</i>	<i>Performance</i>	<i>Comment</i>
<b>Sustainable capacity-building</b>	<b>Strengthen human resources in economics and policy (MESP I).</b>	N/A	N/A	N/A	MESP I ended
	<b>Strengthen centers of economic excellence (UWC).</b>	N/A	N/A	N/A	Program ended
<b>Assessments and analyses</b>	<b>Strengthen government departments that deal with policy matters.</b>	Number of (Chief) Directorates strengthened	5	10	National Treasury (5) DSD (1) DLA (1) DTI (2) and MFRC
		Number of quality policy studies completed	30	3	Intra-household study; SACU and industrial policy briefs for NT.
		People in economics training	200	128	Parliamentary training (46) CCMA workshop (33) Solidarity Workshop (24) CGE workshop (24) National Treasury (1)
		Gender Equity – Women in Training	40%	30%	Parliamentary training (13) CCMA workshop (4) Solidarity Workshop (7) CGE workshop (14) National Treasury (1)
	<b>Strengthen think tanks to formulate and deal with economic policy options.</b>	Number of quality studies produced	10	-	Drafts of 6 papers received
		Number of seminar, conferences, and workshops attended by think tanks.	8	7	Trade and poverty (NEDLAC) SAIIA and NT regional integration workshops; 2 x SAM workshops CCCM Workshop Solidarity Workshop
		Black professionals working on assisted activities	20	36	9 economists 27 other professionals
		Gender equity – professional women working on assisted activities	12	38	9 Economists 29 other professionals

## DELIVERABLES

The following deliverables were prepared during first fiscal year of the project.

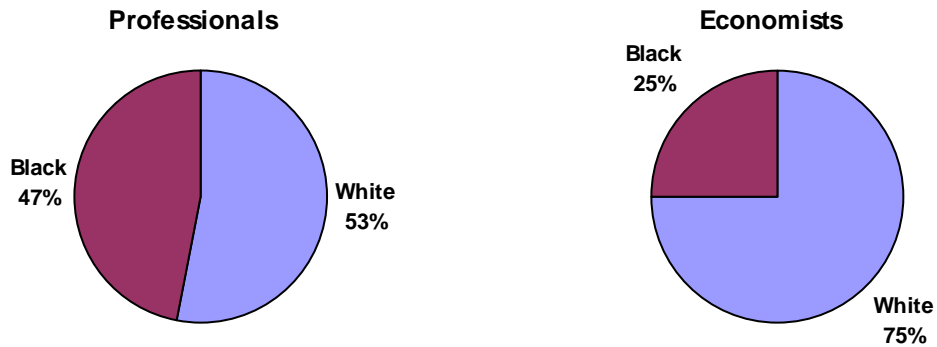
Technical Area	Activity	Date	Document title. Type
Quarter 1			
Complementary	CCMA	Oct 4	CCMA summary.doc
Complementary	CGE	Dec 9-10	CGE WS1.doc
Complementary	Business for the Poor	Dec 10-12	Dixon trvl rpt.doc
Complementary	Solidarity	Nov 10-11	Solidarity WS2.doc
Complementary	Presentation	Nov 5	SACU Expansion.ppt
Complementary	Presentation	Nov 12	EPAs & Trade in Services.ppt
Quarter 2			
Complementary	Investment policy	22 March 05	TC-Incentives.doc
Complementary	CGE/SAM workshop	10 March 05	SAM-Estimation.ppt
Complementary	SACU	30 March 05	SACU-RSF.doc
Complementary	MESP II	31 March 05	MESP2-Q1Report.doc
Complementary	Trade and poverty	27 January 05	Trade&Poverty.ppt
Quarter 3			
SIPP	Intra-household dynamics	10 May 2005	DPRU Draft.doc
SIPP	Land-based vulnerability	18 May 2005	PLAAS Workshop 19 May 2005.pdf
Land reform	Evictions	30 June 2005	Land Eviction Progress Report.doc
HIV/AIDS	HCBC	17 May 2005	HCBC Literature Review.doc
Complementary	Trade and poverty	7 June 2005	Trade&Poverty ToR.doc
Complementary	Trade and poverty	29 June 2005	SA Trade and Poverty.doc
Complementary	Industrial policy	6 June 2005	Incentives & Industrial Policy.doc
Quarter 4			
SIPP	Intra-household dynamics	17 August 2005	Household Structure.doc
Complementary	Services and Mozambique	1 September 2005	SA Trade in Services-Mozambique.ppt
Microfinance	Long Term Advisor	31 August 2005	Microfinance Conference Workshop.ppt
HIV/AIDS	HCBC	30 September 2005	HCBC Mapping – Eastern Cape.doc HCBC Mapping – Limpopo.doc HCBC Mapping – Mpumalanga.doc HCBC Mapping – Ugu district.doc

Land reform	Evictions	10 August 2005	Land Eviction Presentation Aug 05.ppt
Complementary	Trade and Development	17 August 2005	Reorienting the Compass (Book)
Complementary	Economic growth assessment	13 September 2005	SA Transparenc Accountability4.doc USAID- South Africa Integration.doc Zunkel Report 26 August 2005.doc

## PROFILE OF CONSULTANTS AND ACTIVITIES

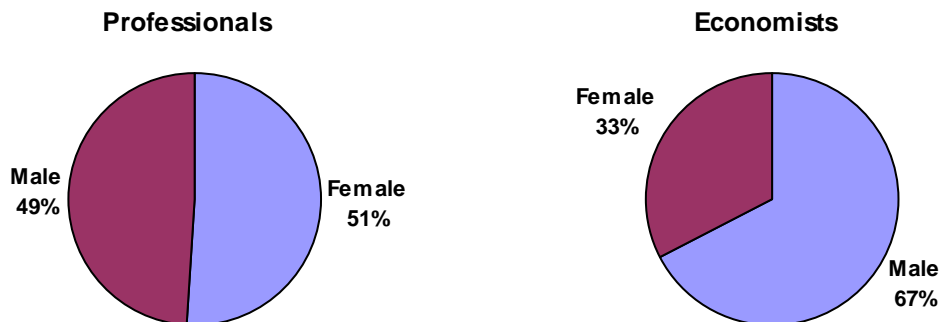
### RACIAL COMPOSITION OF CONSULTANTS

There has been an increase in the participation of historically disadvantaged individuals on assisted activities. The figures below provide a racial breakdown of the professional consultants (i.e. this does not include support staff) employed by SEGA II. In total, there are 36 black professionals contracted to SEGA II, of which 9 are economists. For more details on all consultants contracted by SEGA II please see Appendix C.



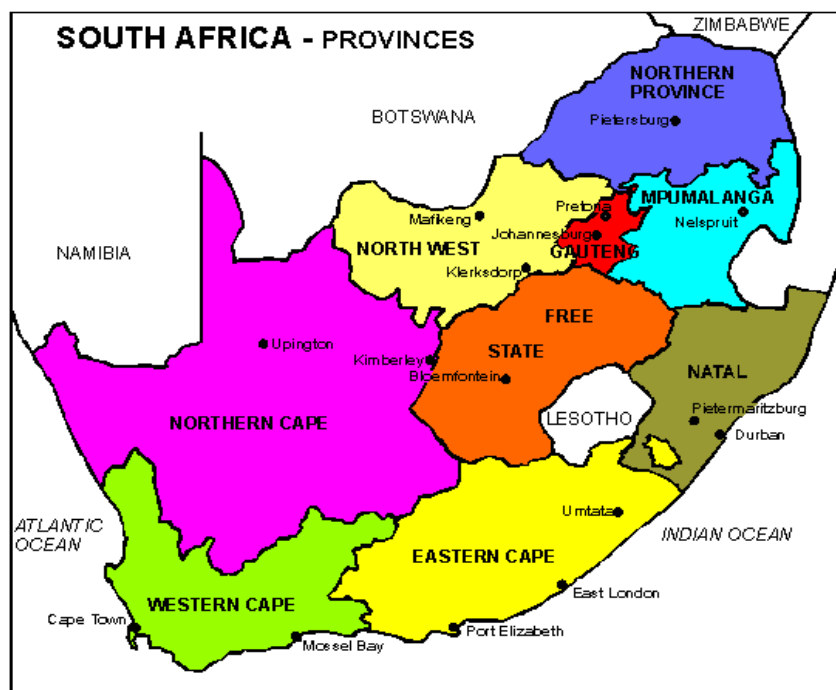
### GENDER COMPOSITION OF CONSULTANTS

The figures below show the gender breakdown of all professional consultants contracted to SEGA II. Although a fair proportion of professional consultants are female, the majority of economists on the project are male.



## GEOGRAPHIC COVERAGE OF ACTIVITIES

In its first year Sega II has undertaken work in all nine provinces in South Africa. Most activities have some link to the National Government in Gauteng and training activities are concentrated in the Western Cape (though participants come from a much wider range of provinces). A breakdown of Sega II activities by technical area and province is provided below.



Technical area	G	NP	M	KZN	FS	NC	WC	EC	NW
TA1: SIPP									
TA2: Parliamentary Training									
TA3: Microfinance Policy Reform									
TA4: Agriculture and Land Reform									
TA5: HIV / AIDS									
TA9: Support for Higher Education									
TA10: Complimentary									



## ANNEX A: SUMMARY OF ACTIVITIES

Project	Description	Objective	Indicative Budget \$	Status
<b>TA1: Strengthening the Impact of Pro-poor Programs (SIPP)</b>				
Poverty workshop	Discussion of key research questions and gaps, between leading academics and senior policy makers	To promote evidence-based policy making	15 000	Postponed
Land-based vulnerability, labor markets and social protection	Analysis of the patterns and determinants of vulnerability and food security in rural South Africa; and a review of government policies in these areas	To recommend new and better policies	295 000	Approved and work has begun
Intra-household dynamics in resource allocation	Analysis of the flows of social grants to different types of households and the impact of these grants on household members	To evaluate the allocation and effectiveness of social grants	30 000	Approved and work has begun
Primary School Nutrition Program	Baseline study and evaluation of the reach and effectiveness of the government's school feeding scheme	To provide baseline data for future M&E	175 000	Approved and scheduled to begin Nov 05
Social grants projections	Examination of population dynamics and the likely evolution of the economic position of welfare beneficiaries	To estimate the cost and improve targeting of social grants	60 000	Approved and work has begun
Cost of higher education	Assessment of the present and future costs, and the long-term financial sustainability of the higher education system.	To develop a financial model for education planning	-	Awaiting final ToR and tender
Rural municipality case studies	Analysis of the economic impact of land reform projects in four pilot sites.	To clarify the economic case for land reform	75 000	Approved and scheduled to begin in Oct 05
<b>TA2: Parliamentary training</b>				
Parliamentary training	Formal economic training and support to Parliamentarians, especially the Budget Committee.	To improve economic knowledge and capacity in Parliament	150 000	Approved and work has begun
<b>TA3: Microfinance policy reform</b>				
Consumer Credit Act	Evaluation of credit conditions and interest rates in different consumer credit markets	To recommend methodology for determination of interest rate ceilings	60 000	Approved and work has begun
Long-term adviser on Microfinance Policy	Design and implementation of National Credit Regulator and development of framework for credit providers	Design a regulatory regime for the Credit Bureaux	230 000	Approved and work has begun

Project	Description	Objective	Indicative Budget \$	Status
TA4: Agriculture and land reform				
Evictions - national survey	National survey of incidence and socio-economic impact of farm evictions	To inform policy on land evictions and highlight vulnerable communities	150 000	Approved and work has begun
Technical adviser to DLA	Provision of full-time or part-time technical adviser to DLA	To coordinate research and monitoring activities	200 000	Awaiting formal confirmation from Department of Land Affairs
CLRA pilot studies	Design and implementation of CLRA pilot studies in three different provinces.	To monitor and evaluate implementation of the CLRA		
TA5: HIV/AIDS				
Home and Community Based Care (HCBC)	Assessment of characteristics, cost and efficiency of different HCBC models	To recommend appropriate models for scaling up HCBC programs	190 000	Approved and work has begun
Roll-out of ARV treatment in the Free State Province	Monitoring and evaluation of the roll-out of ARV treatment at specific pilot sites	To highlight progress and obstacles to ARV roll-out	150 000	Scheduled to begin Nov 05 pending CO approval
Impact of HIV/AIDS on health care workers	Analysis of the prevalence of HIV/AIDS amongst professional nurses its impact on attrition and productivity	To assist in human resource development and planning	85 000	Approved and scheduled to begin Oct 05
Macroeconomic impact study	Evaluation of the economic impact of HIV/AIDS, by sector	To demonstrate the economic cost of HIV/AIDS	20 000	Approved and work has begun
SA Journals of Economics and Development Perspectives	Publication of special editions, focusing on the economics of HIV/AIDS	To publicize research in this area	20 000	Scheduled for publication Nov 05
TA9: Support for higher education				
MESP 1	Provision of bursaries and support to South African students to undertake post-graduate studies in the USA	To facilitate post-graduate education in economics amongst historically disadvantaged students	-	Ends June 06

MESP 2	Provision of bursaries and support to select academic departments and courses	To facilitate post-graduate education in economics amongst historically disadvantaged students	130 000	Ends June 06
UWC / Center of Economic Excellence (CEE)	Financial support and assistance to the economics department at UWC	To develop and sustain a CEE at UWC	35 000	Ends Dec 05

#### ***TA10: Complimentary activities***

Development through trade	Provision of support to South African Institute of International Affairs' (SAIIA) trade research and advocacy program	To inform policy makers and business leaders on trade policy developments	35 000	Completed
Trade training for union leadership	Facilitation of two workshops on trade theory and policy for union leadership	To inform union members and leaders on trade policy developments	50 000	Workshop 1 complete Nov 04 Workshop 2 scheduled for Oct 05
Industrial policy and incentives	Analysis of the relative impact of investment incentives and other investment support initiatives on business decisions and investment	To inform policy makers on optimal investment policy	60 000	Phase 1 Completed. Work has begun on phase 2.
Southern Africa Tax Institute (SATI)	Support to SATI training courses	To enhance tax knowledge amongst policy makers	10 000	First installment paid June 05.
Trade and poverty	Various household and case study analyses of the relationship between trade and poverty.	To understand the way in which trade impacts upon poverty in SA.	50 000	Work has begun

## ANNEX B: MANDELA ECONOMIC SCHOLARSHIP PROGRAM

SEGA/MESP has provided foreign (MESP I) and local (MESP II) bursaries to a large number of South African economics students over the last 8 years. SEGA II has taken over the management and payment for the final year of the 23 MESP II students, located in the Universities of Stellenbosch, Cape Town and Kwa-Zulu Natal; and is also supporting the remaining MESP I students at different Universities in the United States. Two of the MESP I students are expected to complete their PhD studies at the end of 2005 and the remaining two by mid-2006.

SEGA II is also proposing to introduce a supplementary bursary to deal with the large backlog of MESP II students who have completed their coursework, but run out of time and money to write-up and submit their Masters' theses. This supplementary bursary will be designed as a once-off incentive, which includes some money to cover about 4 months of living expenses, but also provides for a merit award to successful students. The three Universities have provided us with a list of 23 students whom they think qualify for this award after assessing each student's progress. The 23 MESP II students on the supplementary bursary are expected to complete their dissertations by May 2006.

### MESP I STUDENTS

There are four remaining MESP PhD students at four universities in United States of America. Two of these students are expected to complete their programs by December 2005 and the other two will complete by June 2006. The total budget for these students is US\$ 69 922.00.

Name	University	Area of study	Gender
K Sikhitha	University of Rhodes island	Environmental and Natural Resource Economics	F
L Bopape	Michigan State University in Lansing	Agricultural Economics	M
Seeraj Mahomed	University of Massachusetts	International Trade	M
Nesengani Nkhetheni	Colorado State University	International Economics	F

## MESP II STUDENTS

There are 23 remaining full-time students doing at the three universities: the University of KwaZulu Natal has two honors and six masters students; the University of Cape Town has eleven Masters' students; and the University of Stellenbosch has four Masters Students. 12 of these students are female, 11 male. The total cost of this program for 2005 is R780,915.00 (approximately R34 000 per student). The names and details of all 23 students are provided below.

Intake year	Name	University	Area of Study	Gender
2004	Nadrajh Govender	University of Stellenbosch	Trade	M
2004	Mpho Mahlaha	University of Stellenbosch	Trade	F
2004	Sesomi Molapo	University of Stellenbosch	Trade	M
2004	Lizzane Case	University of Stellenbosch	Trade	F
2004	Sipho Bhanisi	University of Cape Town	Trade	M
2004	Jasmine Jakoet	University of Cape Town	Labor	F
2004	Leigh Lakay	University of Cape Town	Labor	F
2004	Zanele M Lekena	University of Cape Town	Trade	F
2004	Philadelphia Oliphant	University of Cape Town	Trade	F
2004	Ulrike Rwida	University of Cape Town	Labor	F
2002	Monwabisi Danstle	University of Cape Town	Trade	M
2003	Yash Ramkolowan	University of Cape Town	Trade	M
2003	Bongani Jonny	University of Cape Town	Trade	M
2003	Sam Mabilo	University of Cape Town	Trade	M
2003	Amir Chantihoo	University of Cape Town	Trade	M
2004	Summya Goga	University of Kwazulu Natal	Trade	F
2004	Marlon Dassarath	University of Kwazulu Natal	Trade	M
2004	Princes Msomi (honors_	University of Kwazulu Natal	Trade	F
2004	Kalnisha Singh	University of Kwazulu Natal	Environmental	F
2004	Sizwe Nxedlana	University of Kwazulu Natal	Trade	M
2004	Sanelisile Nzimande (honors)	University of Kwazulu Natal	Trade	F
2004	Patrick Buthelzi	University of Kwazulu Natal	Trade	M
2004	Pmula Madikiza	University of Kwazulu Natal	Environmental	F

## MESP II SUPPLEMENTARY BURSARY

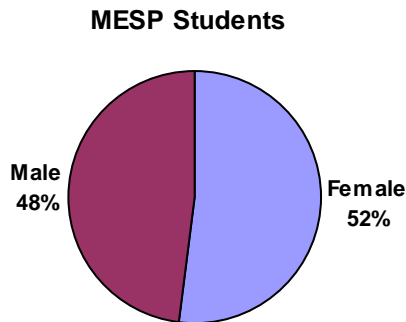
During the mid-year review of the MESP II program it was established that there are a large number of students which have completed their Masters' course work but were unable to complete their theses over the time of the initial bursary. Without some incentive to continue, most of these students are unlikely to complete their programs. After extensive discussions with the three universities it was agreed that small and once-off bursary would help them to improve the success rate of this program.

The proposed supplementary bursary will cover living expenses of up to R6 000 and will provide for a R4 000 merit award to be paid to successful students upon the completion of their thesis. To qualify for this bursary, students must provide a thesis topic and then name of their supervisor to SEGA II. They must also indicate a final completion date. There are 11 students from University of Stellenbosch, 6 from the University of KwaZulu Natal and an estimated 6 students from University of Cape Town that are likely to qualify for this bursary. The supplementary period will commence on October 2005. See table below. A total amount of R230 000 has been budgeted for this purpose.

Name	University	Thesis topic	Area of Study	Gender
Hassan Essop	Stellenbosch	Impact of exchange rate volatility on exports	Trade	M
Stanton Lesch	Stellenbosch	Reviewing the Southern African Development Community's (SADC) progress towards a Free Trade Area (FTA)	Trade	M
Kara Grace Mackay	Stellenbosch	Coincidental collisions on educational opportunity -post apartheid mixed funding relations on basic education and its impact on achieving goal of equitable	Education	F
Nozipho Mboto	Stellenbosch	Efficiency of financing on public education	Education	F
Portia Seameco	Stellenbosch	Impact of volatile exchange rate on the South Africa trade policy	Trade	F
Nomonde Somdaka	Stellenbosch		Trade	F
Matshediso Seobi	Stellenbosch	Assessment of South African liberisation	Trade	F
Sabelo Silinga	Stellenbosch	Industrial development zone	Trade	M
Ntsoaki Modise	Stellenbosch	Review of changing composition of South African Export trade and its determinants	Trade	F
Nadrajh Govender	Stellenbosch	Economic Implications of Trade Liberalization for South Africa Under the Doha Round Trade Negotiations: A CGE Analysis	Trade	M
Setsomi Molapo	Stellenbosch	Changes in South African Trade patterns since 1994 focusing on export	Trade	M
Pumla Bokoda	KwaZulu Natal	Government overspending in the Eastern Cape	Environmental	F
Patrick Buthelezi	KwaZulu Natal	Growth and inflation in South Africa	Trade	M
Selebogo Leshoro	KwaZulu Natal	Air pollution in South Africa: policy efficiency revisited	Health	M
Yalezwa Mnoto	KwaZulu Natal	The impact of health insurance with particular reference to South Africa	Resource	F
Fakiswa Mpopoma	KwaZulu Natal	He benefits of public projects: the Kwa-Kyndale brick manufacturing project in the Eastern Cape	Trade	F
Silindile Shezi	KwaZulu Natal	The africanisation of South Africa university economics departments	Trade	M
Sipho Bhanisi	Cape Town	To Be Determined	Trade and regulatory	M
Jasmine Jakoet	Cape Town	To Be Determined	Labor market	F
Leigh Lekay	Cape Town	To Be Determined	Labor Market	F
Zanelle Mamello Lekena	Cape Town	To Be Determined	Trade and regulatory	F
Philadelphia Oliphant	Cape Town	To Be Determined	Trade and regulatory	F
Ulrike Rwida	Cape Town	To Be Determined	Labor market	F

## GENDER COMPOSITION OF STUDENTS

The figure below shows the gender breakdown of all MESP students supported by SEGA II in 2005. SEGAI provided assistance to a total of 27 students (4 PhD and 23 MESPII students). Of these students, 14 are female and 13 are male.



## BENEFITS OF THE MESP

According to all recipients, MESP has had a positive impact on the selected economic programs at the three participating local universities and in building capacity in economics amongst historically disadvantaged students. Specific outcomes cited by the three South African Universities are as follows:

- The MESP program facilitated an increase in historically disadvantaged students registering for postgraduate honors and masters courses
- MESP facilitated the development of four new postgraduate level courses in the following areas: economic modeling techniques, applied international trade, economics of industry, regulation and firms; and labor economics.
- Through scholarship and lecturing funding, MESP led to the development and hosting of a number of extension courses such as: Economy-wide Impact Analysis; Introduction to General Equilibrium Modeling; and Applied International Trade Bargaining. About 140 students, public sector researchers and policy makers (mostly from previously disadvantaged backgrounds) participated in these courses.
- MESP has contributed to an increase in historically disadvantaged economists in South Africa employed in Government and the private sector.



## ANNEX C: SEGA II EMPLOYEES AND CONSULTANTS

Activity	Names	Gender and (Race)	
CGE	Channing Arndt	M (W)	Economist
SEGAI	Faith Mamba	F (B)	Economist
	Tamarie Magaisa	F (B)	Other
	Rebecca Rishty	F (W)	Other
	Matthew Stern	M (W)	Economist
	Louis Van Der Merwe	F (W)	Other
	Judy Ward	F (W)	Other
	David King	M (W)	Economist
JEAPP-Wits Home Community Based Care	Krishnaveni Naidoo	F (B)	Economist
	Katherine Naidu	F (B)	Other
	Sydney Rosen	F (W)	Other
	Robyn Mayer	F (W)	Other
	Veni Naidu	F (B)	Economist
	Nick Moodley	M (B)	Other
	Illona Budiscak	F (W)	Other
Intra-household study	Haroon Bhorat	M (B)	Economist
	Laura Poswell	F (W)	Economist
DPRU- School Nutrition Program	Prunishka Naidoo	M (B)	Economist
	Murray Leibrandt	M (W)	Economist
	Matthew Welch	M (W)	Economist
HSRC-Rural Land Studies	Percy Moleke	F (B)	Economist
	Karin Kleinbooi	F (B)	Other
	Anne Eveleth	F (W)	Other
	Michael Aliber	M (W)	Economist
	Edward Lahiff	M (B)	Economist
	Stephen Greenberg	M (W)	Other
EPRI-Parliamentary training	Syed Huda Nayeemul	M (B)	Economist
	Peter Jacobs	M (B)	Economist
	Ingrid Van Niekerk	F (W)	Economist
	Michael Samson	M (W)	Economist
	Kenneth MacQueen	M (B)	Economist
SAIIA Publication: South Africa's regional trade policy	Peter Draper	M (W)	Economist
	Nkululeko Khumelo	M (B)	Other
Investment Policy and incentives	Frank Flatters	M (W)	Economist
	Robin Broadway	M (W)	Economist
	Rashid Cassim	M (B)	Economist
Microfinance policy-Consumer credit	Ian Manning	M (W)	Economist
	Victoria Chick	F (W)	Economist
	Alice De Jonge	F (W)	Economist
Social Grants	Charles Simkins	M (W)	Economist
	Ingrid Woolard	F (W)	Economist
BER-Sector Impact of HIV/AIDS	Benjamin Smit	M (W)	Economist
	Peter Laubscher	M (W)	Economist
	Ellis Linnette	F (W)	Economist
	Claude Van De Merwe	M (W)	Economist

Social Survey/ Nkuzi Land Eviction	Paul Nesara Pridence Ditlopo Vuyokazi Ngamngxa Collet Ngwane Hangwani Tshisikule Bev Russel Irma Grungdling Nompumelolo Motha Eric Enea Mauwane Tshegofatso Patience Mkhale Barbara	M (B) F (B) F (B) F (B) F (B) F (W) F (W) M (B) F (B) M (B) M (B)	Other Other Other Other Other Other Other Other Other Other Other
Vulnerability, labor markets and social protection	Munyaradzi Saruchera Thokozani Bici Xakathile Dubela Andries Du Toit David Neves Lulekwa Gqiba Andrew Fisher Sibongile Mtimi Zulko Ndamane	M (B) F (B) F (B) M (W) M (W) M (B) M (W) F (B) F (B)	Other Other Other Economist Other Other Other Other Other
Wits Health Research Unit-impact of HIV/AIDS on Health care workers	Josephine Tsotetsi Daniela Connelly Mary Bachman Susan Roberts Anne Jordan	F (B) F (W) F (W) F (W) F (W)	Other Other Other Other Other
Economic Growth-Fiscal	James Nkoane Sumatee Gajjar Duncan Pieterse	M (B) F (B) M (B)	Economist Other Economist
Economic Growth-Macro	Eric Schaling	M (W)	Economist
Economic Growth-Agriculture	Hilton Zunckel	M (W)	Economist
Economic Growth-Trade	Peter Draper Philip Alves	M (W) M (W)	Economist Economist
FADTRU	Felicia De Jager Warren Manuel	F (B) F (B)	Other Other
MFRC	Nicola Jentzsch	F (W)	Economist